

Message Text

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INFO OCT-01 ISO-00 EB-07 XMB-02 NSC-05 OMB-01 CIEP-01

TRSE-00 COME-00 CIAE-00 INR-07 NSAE-00 INRE-00 NSCE-00

SSO-00 /036 R

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APPROVED BY EUR:JAARMITAGE

EB/IFD:PBOEKER

EXIM:RALBRIGHT

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E.O. 11652: N/A

TAGS: EFIN, EEWT, PL

SUBJECT: RCA/CORNING COLOR TV PROJECT:FINANCING

REF: STATE 30789

1. SUMMARY: EXIM BOARD DECIDED FEBRUARY 23 ON TERMS FOR
RCA/CORNING PROJECT: EXIM IS PREPARED TO FINANCE THE
FAR END OF THE ELEVEN-YEAR-PLUS TOTAL TERM AT
A RATE OF 9. EXIM WOULD TAKE A 55 SHARE OF THE PACKAGE.
THE NAC PLANS TO GIVE ITS ADVICE ON THESE TERMS TOMORROW.
END SUMMARY.

2. EXIM BELIEVES ITS FINANCING IS ATTRACTIVE. THE 9
RATE IS IN LINE WITH THEIR SCHEDULE OF RATES, WHICH
RELATES THE INTEREST RATE TO THE TERM. EXIM WILL TAKE
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THE LATER MATURITIES FOR ITS (UNUSUALLY LARGE) 55PCT. SHARE

WHICH WILL MAKE POSSIBLE FAVORABLE COMMERCIAL FINANCING. A RATE LOWER THAN 9 COULD BE CONSIDERED BY EXIM IF THE TERM WERE SHORTENED OR IF PRIVATE FINANCING WOULD SHARE IN LATER MATURITIES.

3. CORNING GLASS HAS CONTACTED SEVERAL DEPARTMENT OFFICERS TO OPINE THAT THE PROJECT COULD BE LOST TO THE JAPANESE IF FINANCING UNDER 9 IS NOT OFFERED. FINANCING

AT 9 ACCORDING TO CORNING, DOES NOT 'MEET THE COMPETITION.'" THE NECESSITY FOR USG ASSURING ITSELF THAT COMPETITION IS MET WAS THE "SUBJECT OF REMARKS MADE BY THE DEPARTMENT REPRESENTATIVE AT A FEBRUARY 24 MEETING OF THE NAC STAFF. EXIM STAFF RESPONDED THAT PARTIES TO THE CREDIT WILL PROBABLY REQUEST REVIEW OF THIS DECISION. A CHANGE IN THE DECISION IS LESS LIKELY. (THE OPPOSITE VIEW THAT A LOWER RATE THAN 9 MIGHT "SUBSIDIZE" CORNING ALSO WAS RAISED.)

4. A TELEPHONE POLL OF THE NAC MEMBERSHIP IS NOW PLANNED FOR FEBRUARY 26. AT THAT TIME A NAC DECISION TO "ADVISE" COULD BE MADE. EXIM PREFERS TO INFORM POLES OF DECISION HERE AND WE ARE EMPHASIZING IMPORTANCE OF AVOIDING PUBLICITY OR LEAKS. WITHOUT APPROACHING POLES AT THIS JUNCTURE, COULD WE HAVE YOUR JUDGMENT OF EFFECT OF EXIM DECISION. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TELEVISION, FINANCE, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 26 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE045769
Document Source: CORE
Document Unique ID: 00
Drafter: DN;ILLER/RN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760071-0547
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976029/aaaaahmt.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 30789
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2004 by greeneet>; APPROVED <06 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RCA/CORNING COLOR TV PROJECT:FINANCING
TAGS: EFIN, EEWT, PL, RCA, XMB, CORNING COMPANY
To: WARSAW
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006